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SUBJECT: Juncker, Blair Debate EU Future

1. SUMMARY: Outgoing EU Presidency Prime Minister Jean-Claude Juncker of Luxembourg and incoming Presidency Prime Minister Tony Blair of the UK outlined different visions for Europe and perceptions of the "European crisis" during speeches before the European Parliament on June 22-23. Juncker blamed Blair for the failure to agree on the 2007-2013 EU budget at the June 16-17 EU Summit, and hinted that Blair was against a political Europe. Blair defended his commitment to the EU as a political project, but called for an economically more competitive Europe. MEPs gave Juncker a standing ovation; cool at the beginning to Blair, most MEPs warmed up to his vision and engagement, but stressed that they would await actions to back up his words. END SUMMARY.

EP AT CENTER OF DEBATE ON EU'S FUTURE

2. The EP was at the center of Europe's political and media attention on June 22 and 23 when Juncker and Blair made passionate addresses to MEPs. This debate came after the failure of the European Summit on June 17 to agree on the EU budgetary framework for 2007-2013, following the two "No" referenda on the EU Constitution in France and The Netherlands, and after an extraordinary few days of public sniping between London on the one side and Paris, Berlin and Luxembourg on the other.

JUNCKER BLAMES BLAIR FOR SUMMIT FAILURE

3. In his speech on June 22, for which he received a long standing ovation, Juncker launched a blistering attack on the British Prime Minister, blaming Blair (without ever mentioning his name) for the failure to agree on the 2007-2013 EU budget framework at the June 17 EU Summit. In an hour-long account to MEPs, Juncker accused Blair of using false arguments about the scale of farming subsidies and misleading the public about the Luxembourg Presidency's proposals to try and forge a deal. MEPs strongly welcomed Juncker's "honest and frank" account. One MEP noted: "in 26 years in this chamber, I have never heard such open explanations of what really went on behind the closed doors of the Council negotiations."

JUNCKER'S VISION OF A SPLIT EUROPE

4. "Europe is in a state of deep crisis" said Juncker, adding that "those who bear the responsibility for this will tell you that it is not true -- but they are wrong!" Juncker said there were now two opposing viewpoints in the EU: "those who believe that there is too much Europe already, and those who believe there is not enough of it." He added, "I belong to the second category."

BLAIR CALLS FOR RENEWED EU LEADERSHIP

5. On June 23, Blair responded by outlining his vision for the upcoming UK Presidency of the EU. He underlined his commitment to a strong EU: "I am a passionate pro-European and I have always been." He continued: "I believe in Europe as a political project. I believe in Europe with a strong and caring social dimension. I would never accept a Europe that was simply an economic market." Blair stressed that the problems faced by Europe were caused by "a lack of political leadership," adding "the purpose of political leadership is to get the policies right for today's world." He promised to launch a broad political debate to try to reach a consensus to move Europe ahead. "It is time to give ourselves a reality check. To receive a wake-up call. The people are blowing the trumpets around the city wall. Are we listening?" he said.

BLAIR: EU MUST REFORM FOR THE FUTURE

16. In answer to Juncker's accusations, Blair made clear that he was the first UK leader who was willing, under the right conditions, to re-negotiate the UK rebate. He said he "never asked to renegotiate the Common Agricultural Policy overnight." He called for giving the EU the right budget to invest in knowledge, active labor market policies, science and innovation, urban regeneration and help for small businesses. He also called for modernizing the EU budget before 2013. Many, including Commission President Jose Manuel Barroso, expressed doubts that Blair could achieve this while pushing for budget reductions.

BLAIR CALLS FOR STRONG EU FOREIGN POLICY

17. Blair also called for enhancing European defense capabilities to "prepare for more missions of peacekeeping and enforcement as a necessary part of an effective EU foreign policy." He welcomed the agreement to double the aid to Africa and called for an increased EU role in the debate on climate change, promoting multilateral agreements and advancing the Middle East Peace Process. He said: "A strong Europe would be an active player in foreign policy, a good partner of course to the U.S., but also capable of demonstrating its own capacity to shape and move the world forward."

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